# Town of Wytheville Housing Rehabilitation Zone Program



Town of Wytheville 150 East Monroe Street Wytheville, VA 24382 276-223-3333

Revision History
Adopted 12/11/23

#### **Housing Rehabilitation Zone Program**

- 1. Overview. The Housing Rehabilitation Zone Program is designed to encourage and incentivize the development of new housing units and the redevelopment of housing units for workforce housing in the Town of Wytheville.
- 2. Purpose. The purpose of the zone is to encourage new construction and/or redevelopment of housing units at a "for sale cost" or "for rent rate" that provides housing for the workforce demographic in the Town of Wytheville. Workforce housing is generally defined as the type of housing units that are affordable to those who are considered essential for the economy and well-being of the community. The term "workforce" describes positions from various sectors of the economy. Examples include tourism and service-related positions, construction and tradespeople, entry level government, public safety, healthcare and education positions, basic industry, and manufacturing positions. The Town will use state and federal income standards to establish housing unit rent and purchase thresholds to inform this workforce housing initiative.
- **3. Enabling Statute**. The Code of Virginia §36-55.64 enables the Town of Wytheville to establish housing rehabilitation zones for the purpose of providing incentives and regulatory flexibility in such zone. The enabling statute is included in Appendix A.
- 4. **Policy Amendments.** The Town Council reserves the right to modify or repeal this program at any time. The most current draft of this document will be stored on the Town website. Revision history will be listed with the document.
- **5. Jurisdiction.** The jurisdiction for this program is the incorporated limits of the Town of Wytheville.
- **6. Point of Contact/Administrator.** The administrator or point of contact for this program shall be the Town Manager or his/her designee.
- 7. **Applicant**. The applicant for the program shall be the landowner, or the authorized representative for the landowner.
- 8. **Housing Rehabilitation Zone Map** is the official map that represents selected properties for the Housing Rehabilitation Zone. The Housing Rehabilitation Zone may also be referenced as the "zone" for the purposes of this policy.
- 9. **Selected Property**. The selected property shall be the tax map parcel number(s) of the property or properties, that is selected by the Town Council to be included in the Housing Rehabilitation Zone Program. Selected properties will be shown on the Housing Rehabilitation Zone Map.

- 10. Ordinance Required. The Town Council shall draft and consider an ordinance to create the initial zone program. Once the zone program is established, properties may be added to the zone map, by amending the initial Town of Wytheville ordinance #1428 to add the selected properties into the zone. A sample ordinance is included in Appendix B.
- **11**. **Term.** The term limit for zone designation is ten (10) years. The date of the Town ordinance for selection of the property shall be used to establish the beginning of the term date. Properties may re-apply for the program upon expiration of the initial term date.
- **12**. **Application Process.** The Administrator shall maintain the application process which shall be used for selection of the properties. The application shall be submitted by using the Town online application portal available at <a href="https://wythevilleva.viewpointcloud.com/">https://wythevilleva.viewpointcloud.com/</a>
- **13. Application Fees.** The Town Council reserves the right to assign fees for the application process and if needed waive fees for the application process.
- 14. **Selection Committee.** The Town Council has appointed a Selection Committee to pre-screen the applications and make recommendations to the Town Council for property selection. The Town Council shall receive the recommendation of the committee and make the final determination as to which properties are included in the program. The Selection Committee shall be comprised of one member of the Town Council, one member of the Planning Commission, one member of the Town of Wytheville Economic Development Authority and two (2) members of Town Staff as appointed by the Town Manager. Appointment shall be for five (5) years unless otherwise determined by the council and members may be reappointed. All members of the committee should be willing to volunteer for the committee except for Town staff who shall operate in this capacity as part of their employment. The Administrator shall schedule the meetings of the committee and prepare the applications for review and consideration, in addition to other required tasks such as communications with Town Council and applicants for the program.
- 15. Application Submittal Process and Timeframes. The timeframe shall be reflective of the time required to conduct the selection process. Applications will be pre-screened for completeness, as they are received by the Administrator. The Administrator will convene the Selection Committee to consider the application(s). The recommendation and supporting information will be provided to the Town Council for consideration and final selection.

A semi-annual review and selection by Town Council is the preferred approach, however, a more frequent review can be facilitated if a time sensitive need justifies this review and consideration. Due to the nature of the program, an ordinance is required.

- 16. Benefits of the Housing Rehabilitation Zone Program on Selected Properties. It is the intent of the Town Council to offer attractive benefits and incentives for participation in the program. The Town Council reserves the right to add, remove or modify incentives as needed or as determined by factors outside of the control of the Town Council. Benefits for the current year are listed in Appendix C and can be modified at the discretion of the Town Council. Performance Agreements shall be used to lock in site specific benefits for each selected property.
- 17. Volume Requirement. The minimum volume requirement for participating in the zone is three (3) housing units. The applicant shall provide proof that the project can develop a minimum of three (3) units on either contiguous and adjacent parcels or on one parcel of land. A housing unit is defined as either a potential home for one family, such as a single-family home or a housing unit such as a rental apartment. The applicant must indicate the amount of time that it will take to meet the minimum housing unit volume requirement at the time of application and prior to application consideration by Town Council. The intent of this program is to have the three units completed at or around the same time.
- 18. Housing Unit Thresholds. As part of the application process and to be considered for the zone, the applicant must demonstrate a commitment to developing housing units at the thresholds which are considered by the Town to be categorized as workforce housing. For this program, workforce housing unit sell costs and rental rates cannot exceed the thresholds listed and agreed to by the applicant, in accordance with this policy and the set thresholds in this policy. Over time the thresholds for participation may be adjusted for inflation or other reasons in accordance with the state and federal policy that serves as the source for these values. When needed, local program limits will be adjusted in accordance with those federal and state standards at the discretion of the Town Council.

**Rental Units** shall not exceed the threshold for unit rates as determined by the <u>Virginia Housing Program Income and Rents Limit Calculator Spreadsheet</u>, which shall also be known as "the spreadsheet". The spreadsheet is available at this website. <a href="https://www.virginiahousing.com/partners/rental-housing/income-limits">https://www.virginiahousing.com/partners/rental-housing/income-limits</a> The 80% of "Median Income Limit" for the rental

rates/by number of bedrooms as shown on the spreadsheet shall be used. No adjustment for utilities is required for the Town program. If the developer chooses to offer mixed income units, the average of all units must meet the 80% threshold. It shall be expected that housing unit rental rates over time will remain under the thresholds established by this program and shown on the spreadsheet for each respective year of the housing unit's operation within the time period for participation in the program. The current year rental unit threshold is shown in Appendix E.

For Sale Units shall not exceed 80% of the sales price limit threshold established by the Virginia Housing Loan Program and shown for our geographic region. <a href="https://virginiahousing.com/partners/lenders/lending-limits-requirements">https://virginiahousing.com/partners/lenders/lending-limits-requirements</a> Home sales need only meet the sale price threshold at the time of the sale. The Home Sales Price Limit for the current year is shown in Appendix E.

- **19. Selection Factors for Properties Under Consideration**. In consideration of the submitted applications for inclusion in the program, the Town Council will consider the recommendation of the Selection Committee and the following factors.
  - **a**. Ability of the property to meet the goal of providing workforce housing and commitment to meeting the housing unit thresholds.
  - **b**. The draft performance agreement completed by the applicant.
  - c. Location of the property and ability to utilize public water and public sewer.
  - **d**. Location in appropriate zone district.
  - e. Concept plan that meets the intent of providing workforce housing.
  - **f**. Draft building plans or building concept plans that meet the intent to provide workforce housing.
  - **g**. Previous experience and expertise of the applicant. Ability to complete the project.
  - **h**. Project readiness and/or ability to complete the project in a timely manner.
  - i. Land ownership. Does the applicant own the land?
  - j. Land restrictions and/or title search. Are there any encumbrances on the land?
  - k. For rent properties must have the ability to manage rent limits over time.
  - **1**. Input from Virginia Housing and the Department of Housing and Community Development on the project.
  - **m.** Any other factor as determined by the Town Council.
- **20. Performance Agreement**. Each applicant will be required to submit a draft Rehabilitation Zone Performance Agreement by using the town form. A sample of the Performance Agreement is shown in Appendix F. Prior to receiving the benefits of the program, the applicant will be required to execute and record the

agreement in the Wythe County Clerk of Court. The agreement will outline the responsibilities of both the applicant and the town as it relates to this program. The Housing Rehabilitation Zone program may be amended over time. The Performance Agreement between the applicant and the Town is meant to commit the project to specific deliverables unique to each project.

- 21. Mixed Use Projects. Mixed use projects that develop over 50% of a structure or site for the purposes of workforce housing (that meets the threshold) may apply for the program. The boundaries of the housing component shall be clearly defined, and the number and type of units shall be known at the time of application. Mixed use is defined as a site that has a mix of residential and non-residential properties.
- 22. **Transfer of Property.** The transfer of property is allowed. Any new owner of a property that had previously been admitted into the rehabilitation zone must sign a renewed performance agreement, true to its original form, to receive the benefits and incentives associated with the Housing Rehabilitation Zone designation for that property. Should a new property owner not sign a performance agreement, they shall not receive the outstanding incentives offered through the zone designation.
- **23. Summary.** The Housing Rehabilitation Zone is a program sponsored by the Town of Wytheville to provide incentives for the development of affordable housing that accommodates the workforce which is essential to the economic success of the Town. Strong partnerships with developers and home builders are key to the success of the program and highly encouraged.

# Appendix A. Housing Rehabilitation Zone

Code of Virginia enabling statute from online source, printed December 2023 https://law.lis.virginia.gov/vacode/title36/chapter1.5/section36-55.64/

# § 36-55.64. Creation of local housing rehabilitation zones.

A. Any city, county, or town may establish, by ordinance, one or more housing rehabilitation zones for the purpose of providing incentives and regulatory flexibility in such zone.

- B. The incentives provided in a housing rehabilitation zone may include, but not be limited to (i) reduction of permit fees, (ii) reduction of user fees, and (iii) waiver of tax liens to facilitate the sale of property that will be substantially renovated, rehabilitated or replaced.
- C. Incentives established pursuant to this section may extend for a period of up to 10 years from the date of initial establishment of the housing rehabilitation zone; however, the extent and duration of any incentive shall conform to the requirements of applicable federal and state law.
- D. The regulatory flexibility provided in a housing rehabilitation zone may include, but not be limited to (i) special zoning for the district, (ii) the use of a special permit process, (iii) exemption from certain specified ordinances, excluding ordinances or provisions of ordinances adopted pursuant to the requirements of the Chesapeake Bay Preservation Act (§ 62.1-44.15:67 et seq.), the Erosion and Sediment Control Law (§ 62.1-44.15:51 et seq.), and the Virginia Stormwater Management Act (§ 62.1-44.15:24 et seq.), and (iv) any other incentives adopted by ordinance, which shall be binding upon the locality for a period of up to 10 years. E. The governing body may establish a service district for the provision of additional public services pursuant to Chapter 24 (§ 15.2-2400 et seq.) of Title 15.2.
- F. Each locality establishing a housing rehabilitation zone pursuant to this section may also apply for the designation of a housing revitalization zone pursuant to Chapter 11 ( $\S$  36-157 et seq.). Nothing in this chapter shall preclude such dual designation.
- G. Any housing rehabilitation zone established pursuant to this chapter shall be deemed to meet the requirements for designation of housing revitalization eligible to be financed as an economically mixed project pursuant to § 36-55.30:2.
- H. This section shall not authorize any local government powers that are not expressly granted herein.

2006, c. 711; 2013, cc. 756, 793; 2016, c. 331.

The chapters of the acts of assembly referenced in the historical citation at the end of this section may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired.

# Appendix B. Sample Ordinance

#### ORDINANCE NO.

At a regular meeting of the Town Council of the Town of Wytheville, Virginia, held in the Council Chambers on the day of , , at 5:00 p.m.

Present:

Absent:

#### AN ORDINANCE ESTABLISHING A HOUSING REHABILITATION ZONE IN THE TOWN OF WYTHEVILLE, VIRGINIA

BE IT ORDAINED by the Town Council of the Town of Wytheville, Virginia, that this ordinance hereby establishes a Housing Rehabilitation Zone in the Town of Wytheville. The boundary of the Housing Rehabilitation Zone is established as indicated on the attached Housing Rehabilitation Map with selected properties as noted. The provisions and administration of the Housing Rehabilitation Zone are as provided in the attached regulations and shall be administered by the Town Manager or his/her designee. The Housing Rehabilitation Zone Map and the regulations may be amended by ordinance from time to time as deemed necessary by the Town Council.

# Appendix C. Rehabilitation Zone Program Benefits

Overview: Effective January 1, 2024. Once selected by Town Council to be in the Rehabilitation Zone, the property owners are required to execute a performance agreement with the Town that outlines the expectations of both the property owner and the Town of Wytheville for participation in the program. A signed performance agreement is required prior to the administration of any benefits listed. Benefits shall apply to the tax map number(s) listed on the application and the housing projects that meet the listed thresholds for participation in the program. The benefit period is ten (10) years from the original designation date that the property was added to the Rehabilitation Zone by ordinance of the Town Council.

If selected and when applicable, potential benefits of the Housing Rehabilitation Zone designation may include the following.

- 1) Waiving of Permit and User Fees. The waiving of land development, utility and building permit fees. This shall include any permit application obtained through the building, zoning, planning, engineering, public utilities, or public works departments. Disclaimer: Any fee or cost associated with the purchase of equipment, or the extension of public utilities shall not be included in the benefit unless otherwise explicitly granted by the Town Council. Examples include materials and costs associated with the purchase of equipment, valves, meter bases or utility line extensions, which shall be at the expense of the developer.
- 2) Consultation with Town Staff. The participant in the zone designation will receive regular consultations with Town Staff throughout all phases of project development. Participation in the program provides the developer with customized consultations and overall support. Examples include services such as conceptual site layout design assistance, networking with state housing agencies to ensure access to grants and loans, and periodic consultations by Town Staff to lend assistance as needed.
- 3) Application Points on Low Income Housing Tax Credit Applications (LIHTC). The LIHTC program is administered by Virginia Housing. Developers who choose to apply for this program will do so independently of the Town Rehabilitation Zone Program. Participation in the Rehabilitation Zone Program will provide the applicant with fifteen (15) points on the LIHTC application. The LIHTC program is a competitive application process which only applies to low-income rental unit projects. Developers are encouraged to carefully understand program parameters such as the management and reporting requirements of the LIHTC program. For those developers who are familiar with and choose to apply to the LIHTC program, the fifteen (15) points on the application is a benefit of the program. <a href="https://www.virginiahousing.com/en/partners/rental-housing/rental-housing-tax-credits">https://www.virginiahousing.com/en/partners/rental-housing/rental-housing-tax-credits</a>

4) Local Stamp of Approval. All developers in Virginia have access to Virginia Housing and Department of Housing and Community Development funding and financing regardless of Rehabilitation Zone Designation. Receiving a local stamp of approval as a Town of Wytheville Rehabilitation Zone property could provide the project with preferred consideration for statewide programs such as Virginia Housing Predevelopment Loan Program, Virginia Housing Stabilization and Deconstruction Grants as part of the Community Impact Grant program and other state and federal programs. The developer would apply for these programs independent of the Rehabilitation Zone Program.

https://www.virginiahousing.com/partners/housing-partners/grant https://www.dhcd.virginia.gov/housing

- **6) Town Council Discretion**. Upon the request of the applicant the Town Council, at their discretion, may consider granting the following benefits to selected properties in the Housing Rehabilitation Zone.
  - a. Waiver of tax liens to facilitate the sale of property that will be substantially renovated, rehabilitated, or replaced.
  - b. The establishment of a service district for the provision of additional public services pursuant to Chapter 24 (§ 15.2-2400 et seq.) of Title 15.2 of the Code of Virginia.
  - c. Regulatory flexibility such as special zoning for the district or allowing a special use process for Town Council consideration of the project in a zone not listed in the Land Use Table of the Unified Development Ordinance.
  - d. Preference for locality-initiated applications which includes but is not limited to, EPA Brownfield Grants, Community Housing and Development Block Grants, Industrial Revitalization Fund Grant, and USDA programs.

# Appendix D. Sample Performance Agreement

Note: Performance Agreements will be custom tailored to each project. The Town Manager may at his/her discretion amend the performance agreement document to meet the specific project needs and expectations for the property, in accordance with the overall goals of the Housing Rehabilitation Zone.

#### HOUSING REHABILITATION ZONE PERFORMANCE AGREEMENT

THIS AGREEMENT made this	day of	, 2024,
between XXXXX (the "Owner"), and the To	OWN OF WYTHEVIL	LE, VIRGINIA, a municipal
corporation of the Commonwealth of Virgin	nia, (the "Town").	

#### WITNESSETH:

WHEREAS, the Owner has ownership in fee simple of tax map parcel numbers, XXXXX (the "Property"), located in the Town of Wytheville, Virginia, and described in those certain deeds and/or plats recorded in the Office of the Clerk of the Circuit Court of the County of Wythe, Virginia by Instrument #(s) XXXXX to which reference is made for a more particular description; and

**WHEREAS**, the Owner of the referenced property has applied for the Town Council's consideration to be included in the Town of Wytheville Housing Rehabilitation Zone; and

**WHEREAS**, the Owner is desirous of participating in the Housing Rehabilitation Zone with the terms and conditions of the program as reflected in the guidance "Town of Wytheville Housing Rehabilitation Zone Program", as amended; and

**WHEREAS**, the Owner is committed to the development of workforce housing units, and when applicable, to the management of workforce housing, that meets the "for sale" **and/or** "rental rate" threshold established by the program; and

**NOW, THEREFORE** in consideration of the terms of this agreement, the Owner, with the consent of the Trustee(s) and the Noteholder(s), hereby covenants and agrees as follows:

- 1. The Owner agrees to design, construct, and install \_X\_Number of\_\_\_\_\_
  housing units, identified as XXXXXXXX on the proposed conceptual site plan. This
  commitment shall include any infrastructure required to connect the proposed units
  to public infrastructure for the purpose of servicing the proposed housing units.
- 2. The **Rent or Sale Price** shall not exceed the threshold of **xxxxx**. For the units identified as **XXXXX** on the attached concept plan for the first year of operation.
- 3. In future years, from this date forward until the end of the ten-year term of **XXXXXX** which is required for participation in the program, the **rent threshold** shall not exceed that which is listed for the program and shown for the respective year of the program, as illustrated in Appendix E, as amended.
- 4. At the request of the Town, the Owner may be asked to provide documentation and reporting requirements indicating compliance with the program, for the ten-year life of the program.
- 5. This Agreement does not relieve the Owner of any responsibilities or requirements placed upon it by the various ordinances of the Town applicable to the development of the Property. The Owner agrees that the development of the Property shall be done in strict conformity with such ordinances and requirements.

- 6. The Owner shall give written notice to any successive landowners of the rehabilitation zone designated properties and provide the contact information for the Town's designated administrator to ensure that future owners are aware of their requirements and ability to utilize the zone designation.
- 7. If the Owner shall faithfully comply with each and all requirements of this Agreement and shall indemnify and save harmless the Town from all loss, damage, expense, or cost arising out of any claim, suit, or action instituted against the Town or its agents or employees on account of or in consequence of any breach by the Owner of the agreement. The Town shall reserve the right to require a measure of security and the right to enforce all its provisions until all requirements of the Agreement are fully complied with.
- 8. If there are liens and/or encumbrances against the Property, the noteholders, lienholders, and trustees, if any, must affix their signatures to the recordable plat prior to final plat recordation.
- 9. The Noteholder secured by the deed of trust on the Property, joins in the execution of this Agreement to evidence its consent to the provisions hereof.

  The Trustee, at the direction of the Noteholder, joins herein, consents to the provisions hereof, and hereby subordinates the lien of the Deed of Trust to this Agreement and the covenants created or set forth herein.
- 10. In the event the Town's ordinances, rules, regulations, and/or procedures are changed, the parties hereto will be bound by such changes that may affect this development and shall comply with same.

- 11. This Agreement shall be construed, interpreted, and applied according to the laws of the Commonwealth of Virginia and shall be binding upon the heirs, personal representatives, executors, devisees, administrators, successors, grantees and assigns of the parties hereto.
- 12. The landowner agrees that the terms of this Agreement shall be binding and shall apply to any future owners, with the new execution of a performance agreement. The landowner further agrees that this Agreement shall be recorded in the Office of the Circuit Court of the County of Wythe, Virginia.

**NOW, THEREFORE** in consideration of the terms of this agreement, the **Town**, hereby covenants and agrees as follows:

- 1. Upon the selection of the shown properties into the Housing Rehabilitation Program, the Town shall add the selected properties to the official Housing Rehabilitation Zone Map for a period of ten years from the initial date of ordinance adoption.
- 2. The Town shall waive all land development permit and user fees as identified in the Housing Rehabilitation Zone program guidelines, for the development of housing units that meet the identified thresholds as shown in this agreement and located on the selected properties as identified on this agreement.
- 3. The Town shall facilitate the exchange of information with statewide housing advocacy groups such as Virginia Housing and the Department of Housing and Community Development to assist with the identification of and potential applications for additional statewide incentives and programs that may benefit the project.
- 4. Town Staff agree to meet with the landowner as requested to consult on matters of design, development and potential incentives, grants, and financing options.

- 5. Upon a separate request of the owner, the Town Council will consider owner requests for assistance, such as those shown as "Town Council Discretion" on Appendix C of the program guidelines.
- 6. Upon request of the landowner, town staff will assist with conceptual site design ideas to help expediate the project and to assist the landowner with potential cost reductions related to wise site design and efficient design considerations.

IN WITNESS WHEREOF, XXXX Development, LLC	, has/have cause his/their/its	
name(s) to be hereunto signed by	and the said Town has caused	
its name to be hereunto signed by its TOWN MANAGER/AUTHORIZED DESIGNEE.		

## OWNER ACKNOWLEDGMENT

# XXXX DEVELOPMENT, LLC

	Ву:
	Printed Name:
	Title:
GMATTI OF	
STATE OF	
CITY/COUNTY OF	, to wit:
I,	, a Notary Public in and for the City/County and
State aforesaid, do hereby certify that X	XXXX Development, LLC, whose names as such are
signed to the foregoing Agreement, h	have acknowledged the same before me in my
City/County and State aforesaid. He/She	e/They is/are personally known to me or has/have
producedidentification	on.
GIVEN under my hand this da	ay of, 2022.
	Notary Public
My Commission Expires:	
Notary Registration Number:	

## TOWN'S ACKNOWLEDGMENT

STATE OF	
CITY/COUNTY OF	, to wit:
I,	, a Notary Public in and for the City/County and
MANAGER/AUTHORIZED DESIGNEE C	that that, TOWN OF THE TOWN MANAGER, whose name as such is have acknowledged the same before me in my ne is personally known to me.
GIVEN under my hand this	day of, 2022.
	Notary Public
My Commission Expires:	
Notary Registration Number:	
APPROVED AS TO CONTENT:	APPROVED AS TO FORM:
Town Clerk	Town Attorney

# Appendix E. Participation Thresholds for Housing Units in the Rehabilitation Zone- Effective January 1, 2024

#### **Rental Housing Unit Thresholds**

To participate in the Housing Rehabilitation Zone Program, rental housing units must meet the housing unit rental rate threshold established by the <u>Virginia Housing Program Income and Rent Limits Calculator</u> for 80% of Median Income for Wythe County. Projects selected for participation in the program cannot exceed rental rates as shown. Yearly adjustment can occur in coordination with any changes to the <u>Virginia Housing Program Income and Rent Limits Calculator</u>. Rents must remain under the listed threshold, or future yearly adjusted thresholds, for participation of the units as agreed to with the executed performance agreement.

One Bedroom Unit	\$1,008
Two Bedroom Unit	\$1,080
Three Bedroom Unit	\$1,498
Four Bedroom Unit	\$1,672

#### For Sale Housing Unit Thresholds

To participate in the Housing Rehabilitation Zone Program, "for sale" housing units must meet the housing unit sale price threshold established and agreed to in the executed performance agreement. The established value for homes is 80% of the sales price listed in the most recent <u>Virginia Housing Sales Price Limit for First Time Homebuyer Loan Program.</u>

https://virginiahousing.com/partners/lenders/lending-limits-requirements

The HUD Sales Price Limit for new homes established in Wythe County is \$330,000. The calculation of 80% of this value is \$264,000.

To meet the for sale housing unit threshold, the housing unit cannot be sold for greater than \$264,000. The participant in the Rehabilitation Zone must guarantee on the Performance Agreement that they will not exceed this sale price for any housing units listed on the application submitted for participation in this program.



# Town of Wytheville Virginia

**Housing Rehabilitation** & Zone Identifier Number **Primary Service Area Zone Quadrant Identifier** 

Zone Name

